

Background

At its December 2008 meeting, the SNC Board directed staff to develop a grant allocation plan for FY 2009-10 that would help to focus SNC's grantmaking toward projects that result in "on-the-ground" benefits. Staff is currently developing draft Grants Guidelines and Grants Application Packets to reflect this direction. Based on input from staff, applicants and grantees, we have identified some additional policy and process improvements that will also require changes to the Guidelines and application materials.

Because the proposed changes involve a number of policy-level questions, we are outlining the basic recommendations in this staff report and invite further discussion and direction from the Board. The revised Guidelines will be made available for review by the public on approximately April 1 with Board approval planned for the June 2009 SNC Board meeting.

Current Status

SNC staff is recommending that we proceed with the development of 2009-10 Guidelines, despite the current bond funds freeze. By putting new Guidelines in place at the beginning of the Fiscal Year, SNC will be in position to begin awarding grants as soon as funds are available for this purpose.

The primary programmatic changes being considered for the FY 2009-10 grant program include:

- (a) Moving to a single grant cycle (one deadline for all applications with a single evaluation process and a single set of recommendations to the Board); and
- (b) Redefining eligible projects to include those that focus on implementation of specific on-the-ground projects (i.e. existing Competitive and SOG 1 projects), along with a subset of existing SOG 2 project types that address project planning or due diligence activities, such as appraisal work, CEQA/environmental studies, etc.).

Grant Cycle

A significant proposed change for next fiscal year is to move from a three-cycle program to a single cycle. While it is always our goal to be as flexible as possible, we believe that such a change will allow staff to be more proactive in working with stakeholders to ensure successful project implementation and assisting in development of on-the-ground project applications. This is especially important for those Subregions that have been less prolific with on-the-ground project applications in the past.

Further, a single cycle next year will allow staff more time to devote to assisting existing grantees get their projects back on track once the Proposition 84 bond freeze is lifted.

This will require working with grantees to amend their deliverables schedules and address other issues, such as the loss of staff and/or subcontractors, that could affect the timing or scope of their projects as approved.

Grant Categories

Staff is currently determining the best approach to address the Board's direction to give preference to "on-the-ground" projects. One approach being considered is to merge the existing Competitive and SOG 1 categories – both of which address on-the-ground acquisition or site improvement/restoration activities. The act of merging these two categories would simply remove the current dollar distinction between what we've called *Competitive* (projects in amounts between \$250,000 and \$1 million) and *SOG 1* (projects between \$5,000 and \$250,000). This would result in a single category for all acquisition and site improvement projects, regardless of dollar amount. All such projects would be evaluated using the same evaluation criteria.

Key Question:

Does the Board have any further direction regarding this approach or alternatives?

Staff is also considering including a subset of projects currently categorized as SOG 2, including project planning and preparation activities required to ready a specific acquisition or site improvement project, such as:

- (a) preparing and completing plans, acquiring permits, completing the environmental review process (CEQA), performing appraisals, performing necessary studies and assessments and developing necessary project designs related to a particular site or physical project;
- (b) preparing plans or supplementing existing plans that establish a set of projects designed to protect or improve the health of specific rivers, lakes and streams and their associated lands and watershed(s)

Key Question:

Does the Board have any further direction regarding what, if any, types of projects should be deemed eligible from the former SOG 2 category?

Funding Allocations

Assuming that we are able to expend this fiscal year's \$14 million Proposition 84 allocation once the bond freeze is lifted, we would have approximately \$10 million each

for the FY 2009-10 and FY 2010-11 grant programs (subject to appropriation in the State budget).

Staff is considering a recommendation to divide next year's \$10 million allocation as follows:

- \$1 million for the highest-ranked projects in each of the 6 Subregions, for a total of \$6 million.
- \$4 million for the highest-ranked remaining projects, regardless of geographic location.
- If a particular Subregion does not have \$1 million worth of high-ranked projects, the remaining funds from that Subregion are rolled up into the non-geographic pot to augment the \$4 million.

This formula would ensure that each Subregion has its own pot to fund the highest-value projects; but it also allows the flexibility to fund the highest-value remaining projects, regardless of their geographic location.

Key Questions:

Should an alternative be considered allowing "unexpended funds in a particular Subregion to roll over to the following year and be considered additive to that year's allocation?"

Should we consider setting a goal of funding roughly equal amounts of acquisition vs. site improvement or restoration projects?

Executive Officer Authorization

Staff is recommending that the current Executive Officer Authorization would remain in place, allowing for reward of projects of \$50,000 or less that have an urgent need. The total amount awarded through this mechanism would not exceed \$500,000 for the fiscal year. Funds awarded in this manner will be accounted for in the appropriate Subregional or overall allocation.

Next Steps

Following direction from the Board on the key questions identified in this staff report, staff will prepare a public review draft of the 2009-10 Guidelines. We are currently planning to release the draft in early April, accepting public comment for approximately 30 days, and bringing a final draft back to the Board for discussion and final approval at the June 2009 Board meeting. The Board will be discussing the meeting schedule for the remainder of 2009 at this meeting and in the event that the Board does not meet in June, staff recommends that a three member committee of the Board be authorized to approve the Guidelines, following public review and comment, in order to the 2009-10 Grant program to proceed.

Recommendation

No formal action on the Guidelines is needed by the Board at this time, although Boardmembers are encouraged to share their thoughts and comments, especially as they relate to the key questions outlined above. The Board may wish to authorize a three member committee of the Board to approve the Guidelines following public review and comment in the event that the Board does not meet in June.